



## Choice Training 6-3: School Budgets

### 1. Untitled Scene

#### 1.1 Training 6-3:



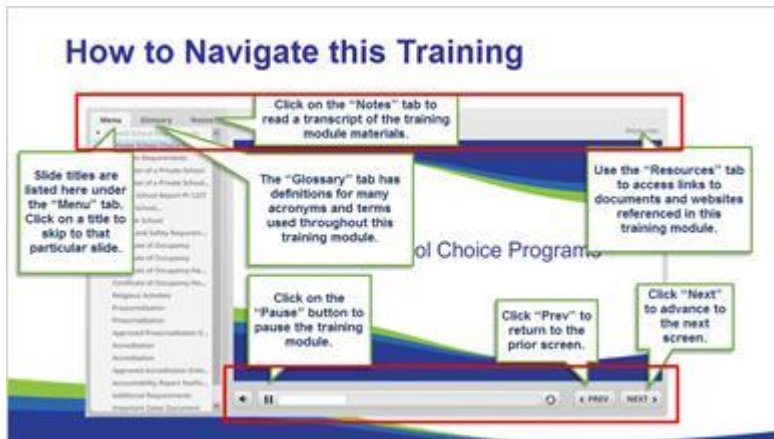
#### Notes:

Welcome to the Wisconsin Department of Public Instruction's training module on the Private School Choice Programs. We will refer to the Private School Choice Programs as "Choice" or "Choice program" throughout this training. The Choice program is governed by Wis. Stat. §§ 119.23 and 118.60, as well as Wis. Admin. Codes ch. PI 35 and 48. Provisions of this training module are subject to statutory and rule changes.

This section will cover school budgets.



### 6-3.2 How to Navigate this Training Module



#### Notes:

Before we start, here are some tips and tools you may wish to use when viewing this training.

When listening to this training please note the buttons at the top of the training screen. Titles to all of the slides in this training are listed under the "Menu" tab on the top left of the training screen. You may watch the training in its entirety, or you may skip to a specific slide by clicking on the title of a particular slide.

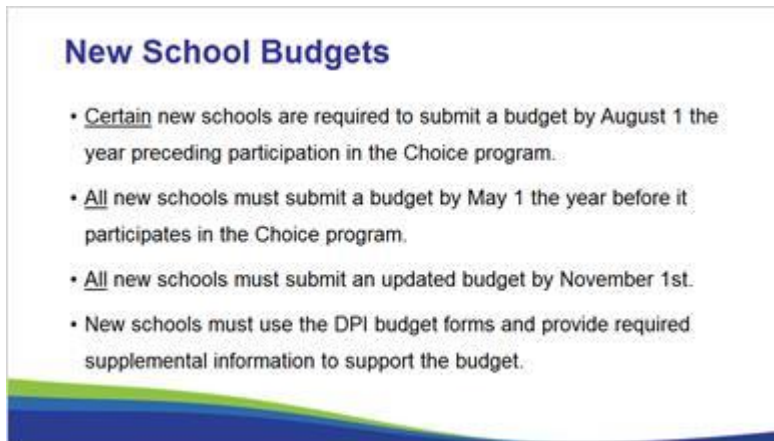
Acronyms and terms that are used throughout this training are defined under the "Glossary" tab on the upper left side of the training screen. If you have any questions about a particular acronym or term that is used in this training, click on the "Glossary" tab to read the definition of that acronym or term.

The "Notes" tab has a transcript of the training materials as they are presented. If you wish to read along with the training, please click the "Notes" tab on the upper left side of the training screen.

We have also posted resources related to this training which can be found under the "Resources" link on the upper right hand side of the training screen.

Next please note the buttons at the bottom of the training screen. If you want to pause on or during a specific slide, please hit the "Pause" button. Clicking the "Prev" button will allow you to return to the previous slide and clicking the "Next" button will allow you to advance to the next slide, if you wish to advance sooner than the auto-timing.

### 6-3.3 New School Budgets



**New School Budgets**

- Certain new schools are required to submit a budget by August 1 the year preceding participation in the Choice program.
- All new schools must submit a budget by May 1 the year before it participates in the Choice program.
- All new schools must submit an updated budget by November 1st.
- New schools must use the DPI budget forms and provide required supplemental information to support the budget.

#### Notes:

Schools that are new to all of the Private School Choice Programs are required to submit budgets to the department. If a school is currently participating in one of the Choice programs and decides to participate in an additional Choice program, it does not need to meet the new school budget requirement.

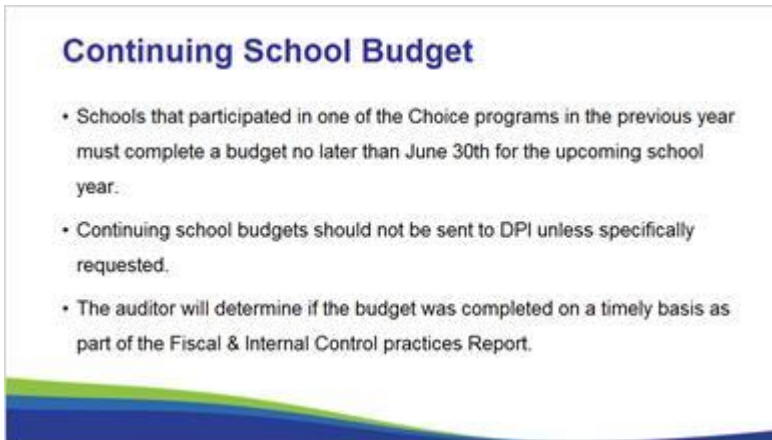
Certain new schools are required to submit a budget by August 1 the year before it participates in the Choice program. This budget must show that the school will have a positive cash flow in every month, that the school does not have an operating deficit, and that the school has sufficient contingency funding.

All new schools must submit a budget by May 1 the year before it participates in the Choice program that show the school is financially viable and that it has sufficient contingency funding. All new schools must also submit an updated budget by November 1<sup>st</sup>. The November 1<sup>st</sup> budget must be updated to reflect the school's actual third Friday in September enrollments and any related changes in revenues, costs, and the monthly cash flow requirements. As part of this budget, the school must complete a schedule in the budget explaining the changes that were made from the final May 1st budget.

Schools that are new to the program must use the budget and cash flow report provided by the department. New schools are required to attend training that explains how the

budget is completed.

### ***6-3.4 Continuing School Budget***



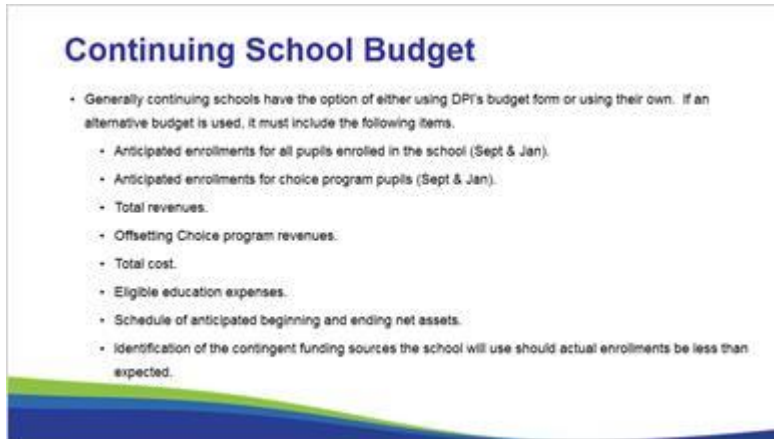
**Continuing School Budget**

- Schools that participated in one of the Choice programs in the previous year must complete a budget no later than June 30th for the upcoming school year.
- Continuing school budgets should not be sent to DPI unless specifically requested.
- The auditor will determine if the budget was completed on a timely basis as part of the Fiscal & Internal Control practices Report.

#### **Notes:**

Schools that participated in one of the Choice programs in the previous year must complete a budget no later than June 30<sup>th</sup> for the upcoming school year. Continuing school budgets should not be sent to DPI unless specifically requested. The auditor will determine if the budget was completed on a timely basis as part of the Fiscal & Internal Control practices Report. The school should be able to provide the auditor with evidence that the budget was prepared by June 30<sup>th</sup>. An example of this evidence would be minutes from a Board meeting approving the school's budget.

### **6-3.5 Continuing School Budget**



#### **Notes:**

Generally, continuing schools can use the DPI budget form or their own budget. The DPI budget form is available on the DPI website under “School Submitted Reports” which is under “Information for Schools.” A link to this webpage is available in the Resources link in the top right corner. If the school has been determined not financially viable, it must use the DPI budget form and submit the budget and all required attachments to the department.

If the school uses it's own budget, the budget must include specific items. It must include the anticipated all pupil count and Choice pupil count for the 3<sup>rd</sup> Friday in September and the 2<sup>nd</sup> Friday in January. It must include the total revenues and the revenues that are offsetting for the Choice program. The Financial Audit Bulletin available online describes what revenues are offsetting revenues. See the Resources tab in the top right corner for a link to the bulletin webpage. Further, the budget must include total cost and identify the eligible education expenses. The department has an Eligible Education Expense bulletin available online that describes how eligible education expenses must be determined. See the Resources tab in the top right corner for a link to the bulletin webpage.

The budget must also identify what funding sources the school will use if the school's actual enrollment is less than expected. These must be funding sources that are not



already being used in the budget. For example, if the school identifies its line of credit will be used as contingency funding but anticipates fully using the line of credit for two months during the year, it would not be a sufficient source of contingency funding.

Finally, the budget must include a schedule of anticipated beginning and ending net assets. Schools are not required to use the accrual basis of accounting during the school year. However, the school is required to prepare the budget using the accrual basis of accounting and include the net asset balances in its budget. On the next slide we will explain what the schedule of anticipated beginning and ending net asset would include.

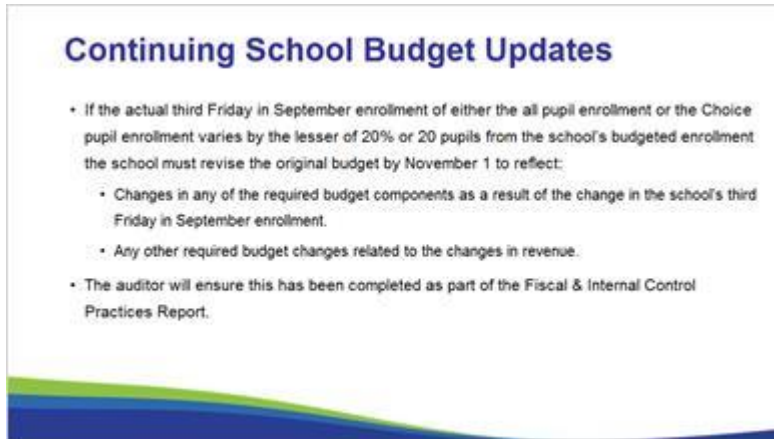
### 6-3.6 Untitled Slide

ASSETS			
Line	Description	June 30, 2016	June 30, 2017
1	Cash	100	100
2	Accounts Receivable	100	100
3	Prepaid Expenses	100	100
4	Fixed Assets	100	100
5	Other Assets	100	100
6	Total Current Assets	500	500
7	Other Assets	100	100
8	Long-Term Assets	100	100
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#### Notes:

This is an example of a net asset schedule for the 2016-17 school year budget. As you can see, the net asset schedule needs to include the expected beginning balance for the school's assets and liability accounts. In this case the beginning balances are the June 30, 2016 balances. This schedule needs to reflect projected balances as of the end of the school year, which is June 30, 2017 in this example. The budget must include the expected accounts receivable and accounts payable balances. It must also include items such as the expected amount of payroll that will be owed but not paid and the expected debt balances.

### ***6-3.7 Continuing School Budget Updates***



#### **Notes:**

Schools that are continuing in the Choice program may also be required to update their budget. If the actual third Friday in September enrollment of either the all pupil enrollment or the Choice pupil enrollment varies by the lesser of 20% or 20 pupils from the school's budgeted enrollment, the school must revise the original budget. The school must update the budget for any changes as a result of the modifications in the third Friday in September enrollment. This includes any changes to the budget components we discussed earlier such as the enrollment, revenue and offsetting revenue, and total cost and eligible education expenses.

The revised budget must be completed by November 1. The auditor will ensure that this has been completed as part of the Fiscal & Internal Control Practices Reports, which is due to the department by December 15<sup>th</sup> each year.



**Notes:**

If you have any questions about the information discussed in this training, please see the Private School Choice Programs homepage. The left menu bar of the Private School Choice Programs homepage has resources for both schools and parents.

Choice schools may also contact the Choice team at [privateschoolchoice@dpi.wi.gov](mailto:privateschoolchoice@dpi.wi.gov), or call the toll-free number at 1-888-245-2732, extension 3.